

Regular Session, 2010

HOUSE CONCURRENT RESOLUTION NO. 243

BY REPRESENTATIVE AUSTIN BADON

SCHOOLS/FINANCE-MFP: Provides legislative approval of the MFP formula for FY 10-11 adopted by BESE on June 8, 2010

1 A CONCURRENT RESOLUTION

2 To provide for legislative approval of the formula to determine the cost of a minimum
3 foundation program of education in all public elementary and secondary schools as
4 well as to equitably allocate the funds to city, parish, and other local public school
5 systems as developed by the State Board of Elementary and Secondary Education
6 and adopted by the board on June 8, 2010.

7 WHEREAS, Article VIII, Section 13(B) of the Constitution of Louisiana
8 requires the State Board of Elementary and Secondary Education to develop and
9 adopt annually a formula which shall be used to determine the cost of a minimum
10 foundation program of education in all public elementary and secondary schools as
11 well as to allocate equitably the funds to parish and city school systems; and

WHEREAS, at a special meeting of the State Board of Elementary and
Secondary Education on June 8, 2010, the board adopted a formula for such cost
determination and the equitable allocation of funds; and

15 WHEREAS, the board has indicated that the adopted formula considers all
16 statutory and board policy requirements necessary to achieve an appropriate cost
17 determination for a minimum education program as well as to distribute equitably
18 the cost; and

19 WHEREAS, the following goals are recommended for the minimum
20 foundation program:

1 **GOAL 1 - - EQUITY:** The school finance system in Louisiana provides
2 equal treatment of pupils with similar needs with the requirement that local school
3 systems have a tax burden sufficient to support Level 1.

4 **GOAL 2 - - ADEQUACY:** The school finance system in Louisiana provides
5 programs and learning opportunities that are sufficient for providing a minimum
6 educational program for every individual. The State Board of Elementary and
7 Secondary Education and the legislature through the adoption of the minimum
8 foundation program formula establish a minimum program.

9 **GOAL 3 - - LOCAL CHOICE:** The school finance system in Louisiana
10 provides that local taxpayers and the school board establish the budget and set the
11 tax levy for operating the schools above a set level of support for the minimum
12 program.

13 **GOAL 4 - - EVALUATION OF THE STATE SCHOOL FINANCE**
14 **SYSTEM:** The school finance system in Louisiana ensures the attainment of the
15 goals of equity, adequacy, and local choice. Whereas the school finance system
16 utilizes significant state general fund revenues, it is important that the system be
17 evaluated on a systematic basis annually.

18 **GOAL 5 - - PERFORMANCE MEASURES:** The school finance system
19 in Louisiana provides for financial accountability and program efficiency
20 maximizing student achievement. Accountability means that city, parish, and other
21 local public school districts can demonstrate that they are operating in conformance
22 with state statutes, financial accounting standards, and student performance
23 standards.

24 WHEREAS, to properly measure the achievement of the goals, a
25 comprehensive management information system containing state-level and
26 district-level components shall continue to be developed; and

27 WHEREAS, to provide fiscal and programmatic accountability, a fiscal
28 accountability program and a school and district accountability program shall
29 continue to be developed; and

1 WHEREAS, the fiscal accountability program shall verify data used in
2 allocating minimum foundation program funds and report fiscal information on the
3 effectiveness of the manner in which the funds are used at the local school system
4 level; and

5 WHEREAS, the school and district accountability program in establishing
6 the state goals for schools and students creates an easy way to communicate to
7 schools and the public how well a school is performing, recognizes schools for
8 effectively demonstrating growth in student achievement, and focuses attention,
9 energy, and resources on schools needing help in improving student achievement;
10 and

11 WHEREAS, the Constitution of Louisiana requires the legislature to fully
12 fund the current cost to the state of the minimum foundation program as determined
13 by applying the legislatively approved formula; and

14 WHEREAS, this minimum foundation program formula is designed to
15 provide greater equity and adequacy in both state and local funding of local school
16 systems; and

17 WHEREAS, the Constitution of Louisiana requires the appropriated funds
18 to be allocated equitably to parish and city school systems according to the formula
19 as adopted by the State Board of Elementary and Secondary Education and approved
20 by the legislature prior to making the appropriation.

21 THEREFORE, BE IT RESOLVED by the Legislature of Louisiana, that the
22 formula to determine the cost of a minimum foundation program of education in all
23 public elementary and secondary schools as well as to allocate equitably the funds
24 to city, parish, and other local public school systems developed by the State Board
25 of Elementary and Secondary Education and adopted by the Board on June 8, 2010,
26 is hereby approved to read as follows:

1 MINIMUM FOUNDATION PROGRAM

2 ELEMENTARY AND SECONDARY EDUCATION

3 COST DISTRIBUTION FORMULA

4 2010 - 2011 SCHOOL YEAR

5 **I. BASIS OF ALLOCATION**6 **A. Preliminary and Final Allocations**

7 1. BESE shall determine preliminary allocations of the minimum foundation
8 program formula for city, parish, and other local public school systems, Recovery
9 School District schools, LSU and Southern Lab schools, and Office of Juvenile
10 Justice schools using latest available data, no later than March 15 each year for the
11 upcoming fiscal year. Upon adoption by the board of such preliminary allocations
12 for the ensuing fiscal year, the superintendent shall submit the budget requirements
13 in accordance with R.S. 39:33 and shall submit the minimum foundation program
14 funding requirements to the Joint Legislative Committee on the Budget and to the
15 House and Senate committees on education.

16 2. Upon final adoption by BESE and the legislature of the minimum
17 foundation program formula resolution in effect for the upcoming fiscal year, BESE
18 shall determine final allocations of the minimum foundation program formula for
19 city, parish, and other local public school systems, the Recovery School District,
20 LSU and Southern Lab schools, and Office of Juvenile Justice schools using latest
21 available data, no later than June 30 for the fiscal year beginning July 1.

22 3. Latest available student count estimates will be utilized for newly opened
23 school districts or local education agencies in the final allocations of the minimum
24 foundation program formula no later than June 30 for the fiscal year beginning July.

25 **B. Mid-year Adjustments**

26 1. Districts and schools may request that the state superintendent make
27 estimated monthly payments based on documented mid-year growth prior to the
28 October 1 count.

29 2. If any city, parish, or other local public school system's, Recovery School
30 District schools', LSU and Southern Lab schools', and Office of Juvenile Justice

1 schools' current year October 1 student count is more or less than the previous year's
2 February 1 membership, a mid-year adjustment to per pupil funding shall be made
3 for each student gained or lost based on the final MFP allocation per pupil amount
4 for that city, parish, or other local public school system as approved by BESE.

5 3. Districts and schools may request that the state superintendent make
6 estimated monthly payments based on documented mid-year growth prior to the
7 February 1 count.

8 4. If any city, parish, or other local public school system's, Recovery School
9 District schools', LSU and Southern Lab schools', and Office of Juvenile Justice
10 schools' current year February 1 membership is more or less than the current year
11 October 1 membership, a second mid-year adjustment to per pupil funding shall be
12 made for each student gained or lost based on one-half the final MFP allocation per
13 pupil amount for that city, parish, or other local public school system as approved
14 by BESE.

15 5. If the Recovery School District, the district of prior jurisdiction, and local
16 education agencies have an increase or decrease in current year October 1
17 membership from the prior year February 1 membership included in the final MFP
18 allocation individually, the Recovery School District, the district of prior jurisdiction,
19 and local education agencies shall receive individually a mid-year adjustment of
20 MFP funding based upon the increases or decreases in the October 1 membership
21 times the final MFP allocation per pupil for the district of prior jurisdiction. For
22 increases or decreases in the current year February 1 membership from the October
23 1 membership, the Recovery School District, the district of prior jurisdiction, and
24 local education agencies shall receive individually a mid-year adjustment based on
25 the increases or decreases in the February 1 membership times one-half of the final
26 MFP allocation per pupil for the district of prior jurisdiction.

27 6. If the Recovery School District's current year October 1 membership
28 count qualifies for a mid-year adjustment to state funds, a mid-year adjustment shall
29 also be made based on the local per pupil amount of the district of prior jurisdiction
30 times the number of students identified in the mid-year adjustment. For the current

year February 1 student count, an adjustment will be made using one-half the local per pupil amount times the number of students identified in the mid-year adjustment.

7. For the newly opened school districts or local education agencies, in the first year of operation, a special mid-year adjustment will be made to finalize their minimum foundation program formula allocations using October 1 data. This special mid-year adjustment will replace the October mid-year adjustment. The newly opened school districts or local education agencies will qualify for the February 1 mid-year adjustment.

II. LEVEL 1 - COST DETERMINATION AND EQUITABLE

DISTRIBUTION OF STATE AND LOCAL FUNDS

A. Base Foundation Level 1 State and Local Costs

1. February 1 Membership (as defined by the State Board of Elementary and Secondary Education) including Recovery School District students.

Plus

2. Add-on Students/Units

a. At-Risk Students weighted at 0.22.

At-Risk students are defined for purposes of allocating funds as those students whose family income is at or below income eligibility guidelines or other guidelines as provided by the State Board of Elementary and Secondary Education and the number of students identified as English Language Learners that were not included based on income eligibility guidelines times the weighted factor of 0.22.

The State Board of Elementary and Secondary Education shall seek to increase the at-risk weight over seven years by an appropriate amount annually until reaching a total at-risk weight of .40.

b. Career and Technical Education course units weighted at .06.

The number of combined fall and spring student units enrolled in secondary career and technical education courses times the weighted factor of 0.06.

1 c. Special Education/Other Exceptionalities students weighted at 1.50.

2 The number of students identified as having Other Exceptionalities as
3 reported in the membership count as defined by the State Board of Elementary and
4 Secondary Education times the weighted factor of 1.50.

5 d. Special Education/Gifted and Talented students weighted at .60. The
6 number of students identified as Gifted and Talented as reported in the membership
7 count as defined by the State Board of Elementary and Secondary Education times
8 the weighted factor of 0.60.

9 e. Economy of Scale calculated as a curvilinear weight of .20 at 0 student
10 membership level down to zero at 7,500 student membership level. This weight will
11 vary depending on the size of the school system. There will be no benefit to school
12 systems with a membership of 7,500 or greater. The formula for this weight is:

13 (1) for each district with less than 7,500 students, subtract its membership
14 from 7,500;

15 (2) divide this difference by 37,500 to calculate each district's economy of
16 scale weight; then

17 (3) multiply each district's economy of scale weight times their membership
18 count.

19 **Equals**

20 3. Total Weighted Membership and/or Units (Sum of I.A.1 and I.A.2.a.
21 through e.)

22 **Times**

23 4. State and Local Base Per Pupil Amount of **\$3,855.**

24 In the event no provision for an annual increase has been provided and this
25 Resolution remains in effect in the Fiscal Year 2011-12 or thereafter, the State Board
26 of Elementary and Secondary Education shall annually adjust the state and local base
27 per pupil amount with approval by the Joint Legislative Committee on the Budget.
28 If the Joint Legislative Committee on the Budget does not approve the rate
29 established by the State Board of Elementary and Secondary Education, then an

1 annual growth adjustment of 2.75% shall automatically be applied to the state and
2 local base per pupil amount beginning in the Fiscal Year 2011-12.

3 **Equals**

4 5. Total Base Foundation Level 1 State and Local Costs (I.A.3 times I.A.4.)

5 **B. Local School System Share Calculation**

6 1. Property Revenue Contribution is calculated by multiplying the state's
7 computed property tax rate (including debt service) by each school system's Net
8 Assessed Property Value for the latest available fiscal year including TIF areas. If
9 a district's Net Assessed Property Value has increased equal to or greater than 10%
10 over the prior year Net Assessed Property Value, then the growth in the Net
11 Assessed Property Value will be capped at 10%. This cap will be applied on a
12 year-to-year basis comparing the current year Net Assessed Property Value to the
13 prior year uncapped Net Assessed Property Value. In FY 2007-08, this millage was
14 set at a level appropriate to yield a state average share of 65% and a local average
15 share of 35%. The millage set in FY 2007-08 will remain the same in FY 2008-09
16 and beyond except that the State Board of Elementary and Secondary Education may
17 revise the millage as deemed appropriate in order to reestablish the 65%/35% share.

18 2. Sales Revenue Contribution is calculated by dividing the district's actual
19 sales tax revenue collected (including debt service) in the latest available fiscal year
20 by the district's sales tax rate that was applicable to create a sales tax base. If a local
21 school system's sales tax goes into effect during the fiscal year, the tax rate is
22 prorated to an annual rate applicable for the total revenue generated. If a district's
23 Computed Sales Tax Base increased equal to or greater than 15% over the Computed
24 Sales Tax Base calculated in the prior year formula, then the growth in the Computed
25 Sales Tax Base will be capped at 15% over the amount used in the prior year
26 formula. This cap will be applied on a year-to-year basis comparing the current year
27 sales tax base to the prior year uncapped sales tax base. Each district's sales tax base
28 is then multiplied by the state's projected yield of the sales tax rate. In FY 2007-08,
29 this rate was set at a level appropriate to yield a state average share of 65% and a
30 local average share of 35%. The rate set in FY 2007-08 will remain the same in FY

2008-09 and beyond except that the State Board of Elementary and Secondary Education may revise the rate as deemed appropriate in order to reestablish the 65%/35% share.

3. Other Revenue Contribution is calculated by combining (1) State Revenue in lieu of taxes; (2) Federal Revenue in lieu of taxes; and (3) 50% of Earnings on Property.

4. Local School System Share is the sum of adding Item 1- Property Tax Contribution, Item 2 - Sales Tax Contribution and Item 3 - Other Revenues Contribution.

C. State Share Calculation

The State Share is calculated by subtracting the Local Share from the Total Level 1 Costs. In no event shall the State Share of the Total Level 1 Costs be less than 25% for any district.

III. LEVEL 2 - INCENTIVE FOR LOCAL EFFORT

A. Level 2 Eligible Local Revenue

1. Local Revenue.

Prior year revenues collected for educational purposes from total Sales Tax, total Property Tax, State and Federal Revenue in Lieu of Taxes, and 50% of Earnings on Property

Minus

3. Local School System Share Contribution of Level 1 Costs

Equals

4. Local Revenue over Local School System Share Contribution of Level 1 Costs. This is the funding available for consideration in Level 2 incentive funding.

5. Limit on Revenue Eligible for Level 2.

The maximum local revenue eligible for incentive funding is equal to 34% of Total Base Foundation Level 1 State and Local Costs (I.A.5 times .34).

6. Eligible Local Revenue collected for educational purposes. The Lesser of:

a. Local Revenue Over Level 1 Local Share (II.A.4.),

or

b. Limit on Revenue Eligible for Level 2 Incentive Funding (II.A.5)

B. State Support of Level 2 Local Effort

1. State Support of Level 2 equals Eligible Revenue in Level 2 minus the Local Share of Level 2.

2. Local Share of Level 2 revenue equals the district's Eligible Local Revenue in Level 2 times the district's local share percentage of Level 1 times a factor of 1.72 in FY 2007-08. For FY 2008-09 and beyond, this factor will remain in effect. The State Board of Elementary and Secondary Education may calculate this factor on an annual basis.

Equals

3. State Support of Level 2 Incentive for Local Effort

**IV. MINIMUM FOUNDATION PROGRAM LEVEL 3 LEGISLATIVE
ENHANCEMENTS**

A. Continuation Funding for Pay Raises

1. 2001-02 Certificated Personnel Pay Raise Continuation Enhancement

The supplemental funding provided for the 2001-02 certificated pay raise will continue for each district based on the prior year per pupil amount times their current year membership.

2. 2006-07 Certificated Personnel Pay Raise Continuation Enhancement

The supplemental funding provided for the 2006-07 certificated pay raise will continue for each district based on the prior year per pupil amount times their current year membership.

3. 2002-03 Support Worker Pay Raise Continuation Enhancement

The supplemental pay raise allocation for noncertificated support workers provided in FY 2002-03 will continue for each district based on the prior year per pupil amount times the current year membership.

1 4. 2006-07 Support Worker Pay Raise Continuation Enhancement

2 The supplemental pay raise allocation for noncertificated support workers
3 provided in FY 2006-07 will continue for each district based on the prior year per
4 pupil amount times the current year membership.

5 5. 2007-08 Certificated Personnel Pay Raise Continuation Enhancement

6 The supplemental funding provided for the 2007-08 certificated pay raise will
7 continue for each district or school based on the prior year per pupil amount times
8 their current year membership.

9 6. 2007-08 Support Worker Pay Raise Continuation Enhancement

10 The supplemental pay raise allocation for noncertificated support workers
11 provided in FY 2007-08 will continue for each district or school based on the prior
12 year per pupil amount times the current year membership.

13 7. 2008-09 Certificated Personnel Pay Raise Continuation Enhancement

14 The supplemental funding provided for the 2008-09 certificated pay raise will
15 continue for each district or school based on the prior year per pupil amount times
16 their current year membership.

17 B. Foreign Language Associate Enhancement

18 Any local school system employing a Foreign Language Associate shall
19 receive a supplemental allocation from BESE of \$20,000 per teacher not to exceed
20 a total of 300 teachers in the program.

21 C. Hold Harmless Enhancement

22 The concept for the present formula was first enacted in Fiscal Year 1992-93.
23 At that time, there were school systems that were "underfunded" by the state and
24 those that were "overfunded" by the state. In Fiscal Year 1999-2000, this MFP
25 formula concept was fully implemented for the first time with 52 systems funded at
26 the appropriate state level, eliminating the "underfunded" situation. School systems
27 identified as "overfunded" in FY 2000-01 have since received their prior year per
28 pupil Hold Harmless amount times their current year membership not to exceed the
29 total Hold Harmless amount received in the prior year. Beginning in FY 2007-08,
30 the Hold Harmless amount as identified in the FY 2006-07 formula provided to these

"overfunded" systems will be phased out. After subtracting amounts attributable to insurance supplements and legislative pay raises provided between FY 1993-94 and FY 1998-99 from the FY 2006-07 Hold Harmless amount, a revised Hold Harmless amount will be calculated. Each of the school districts identified as "overfunded" in FY 2006-07 will receive a reduction in FY 2007-08 equivalent to 10% of their total revised "overfunded" amount. The annual 10% reduction will continue each year for 10 years. On an annual basis, any hold harmless district may choose to reduce the remaining balance by an amount greater than 10% through formal notification to the department. This request must take place no later than June 30th each year. The annual 10% reduction amount will be redistributed in a per pupil amount to all non-hold harmless districts.

D. Support for Increasing Mandated Costs in Health Insurance, Retirement, and Fuel

City, parish, and other local public school systems shall receive a minimum of \$100.00 for each student in the prior year February 1 membership.

V. FUNDING FOR RECOVERY SCHOOL DISTRICT

A. MFP State Share Per Student

1. The student membership and weighted student counts of schools transferred to the Recovery School District shall continue to be included in the membership and weighted student counts of the city, parish, or other local public school board from which jurisdiction of the school was transferred.

2. Once all final MFP calculations have been made, the MFP state share per prior year February 1 student membership from Levels 1, 2 and 3 of the MFP formula for the city, parish, or other local public school board which counted the Recovery School District students, shall be multiplied by the number of students in the Recovery School District and converted to a monthly amount. The monthly amount(s) shall be reduced from the city, parish, or other local public school board MFP monthly allocation and transferred to the Recovery School District.

B. MFP Local Share Per Student

1. In addition to the appropriation required in VA.2. of this section, the Recovery School District shall receive an applicable local revenue per student allocation.

2. To begin the fiscal year July 1, the local revenue per student allocation is based on projected local revenues for the most recent prior fiscal year from the city, parish, or other local public school board that had jurisdiction of the school prior to its transfer divided by the total MFP student membership in the Recovery School District and in the district of prior jurisdiction used in the MFP final allocation.

3. For purposes of the Recovery School District calculation, local revenue is defined to include revenue from the following sources, excluding any portion which has been specifically dedicated by the legislature or by voter approval to capital outlay or debt service, per the definitions in the Annual Financial Report and the Louisiana Accounting and Uniform Governmental Handbook (LAUGH) as reported to the Department of Education:

- a. Sales and use taxes, less any tax collection fee paid by the school district.
- b. Ad valorem taxes, less any tax collection fee paid by the school district.
- c. Earnings from sixteenth section lands owned by the school district.

4. The total local revenue allocation for the Recovery District is determined by multiplying the local revenue per student times the number of Recovery School District students used in the MFP final allocation.

5. Once the local amount is determined, it is adjusted to a monthly amount that is transferred from the MFP monthly allocation of the city, parish, or other local public school board of prior jurisdiction to the Recovery School District.

6. Based on the October 1 student count, the local revenue allocation per student will be recalculated and there will be a corresponding adjustment in the local revenue allocation per student. No recalculation of the local revenue per student will occur at the February 1 student count adjustment.

1 7. During the third quarter of the fiscal year, the local revenue allocation per
2 student shall be adjusted to reflect actual prior year local revenue data.

3 8. A final reconciliation will occur based upon the receipt of the annual
4 audited financial statements of the district of prior jurisdiction. If an increase or
5 decrease in local revenue collection exists, the state superintendent may establish a
6 payment schedule. In the event that the fiscal status of the district of prior
7 jurisdiction or the Recovery School District changes during the fiscal year or on or
8 before the final reconciliation, the state superintendent may adjust the local revenue
9 based on the revenues identifies.

10 C. Except for administrative costs, monies appropriated to the Recovery
11 School District that are attributable to the transfer of a school from a prior school
12 system and monies allocated or transferred from the prior system to the Recovery
13 School District shall be expended solely on the operation of schools transferred from
14 the prior system to the jurisdiction of the Recovery School District.

15 **VI. FUNDING FOR LOUISIANA STATE UNIVERSITY AND SOUTHERN**
16 **UNIVERSITY LABORATORY SCHOOLS**

17 A. Any elementary or secondary school operated by Louisiana State
18 University and Agricultural and Mechanical College or by Southern University and
19 Agricultural and Mechanical College shall be considered a public elementary or
20 secondary school and, as such, shall be annually appropriated funds as determined
21 by applying the formula contained in Subsection B of this Section.

22 B. Each student in membership, as defined by the State Board of Elementary
23 and Secondary Education, at the schools provided for in Subsection A of this Section
24 shall be provided for and funded from the minimum foundation program an amount
25 per student equal to the amount allocated per student for the state share of the
26 minimum foundation program.

27 C. The funds appropriated for the schools provided for in this Section shall
28 be allocated to the institution of higher education operating such a school. Each such
29 institution of higher education shall ensure the equitable expenditure of such funds
30 to operate such schools.

D. Fifty percent of increased funds provided are to be directed to certificated staff pay raises as defined in Section IX. A. Provisions specified in Section VIII through X of this Resolution shall apply to these schools.

VII. FUNDING FOR TYPE 2 CHARTER SCHOOLS

Any school authorized as a Type 2 Charter School by the State Board of Elementary and Secondary Education on or after July 1, 2008, shall annually be appropriated funds as determined by applying the formula contained in R.S. 17:3995, except that the local share allocation will be funded with a transfer of the MFP monthly amount representing the local share allocation from the city, parish, or local public school board in which the attending students reside. Where student attendance is from multiple school districts, the Department of Education shall determine the local share based on students reported by the schools. The student membership count of the Type 2 charter schools shall be included in the membership count of the city, parish, or other local public school board in which the school is located to determine the local share. Student adjustments for Type 2 Charter schools authorized on or after July 1, 2008, shall adhere to the guidelines established in Section I.(B) - Mid-year Adjustments.

VIII. FUNDING FOR THE OFFICE OF JUVENILE JUSTICE SCHOOLS AND STUDENTS

A. Any elementary and secondary school operated by the Office of Juvenile Justice in a secure care facility shall be considered a public elementary or secondary school and, as such, the Office of Juvenile Justice shall be annually appropriated funds for these students as determined by applying the formula contained in Subsections B and C of this Section.

B. Each student counted in the prior year average daily membership, as defined by the State Board of Elementary and Secondary Education to be calculated by dividing the average number of days the students are under the guidance and direction of teachers by the total instructional days during the specified school year, shall be provided for and funded from the minimum foundation program a state share

1 per pupil equal to the amount allocated per student for the state share of the district
2 where the student resided prior to adjudication.

3 1. The state share per pupil allocation shall be adjusted based on a factor
4 determined by the Louisiana Department of Education to provide for the differential
5 in the number of educational days provided to the students in the custody of the
6 Office of Juvenile Justice.

7 2. Additionally, the state share per pupil allocation shall be adjusted based
8 on a factor determined by the Louisiana Department of Education to recognize the
9 increased number of special education students in the Office of Juvenile Justice
10 schools relative to the state average special education student population.

11 C. Each student counted in the prior year average daily membership, as
12 defined by the State Board of Elementary and Secondary Education, shall be
13 provided for and funded from the minimum foundation program a local contribution
14 per pupil equal to the local contribution per pupil for the district where the student
15 resided prior to adjudication.

16 1. For the purpose of the local share allocation per pupil amount, the average
17 daily membership of the Office of Juvenile Justice shall be included in the
18 membership counts of the city, parish, or other local public school board in which
19 the student resided prior to adjudication to the Office of Juvenile Justice.

20 2. For a district(s) that has schools transferred to the Recovery School
21 District and shares local revenue, the allocation for the Office of Juvenile Justice will
22 be completed before the calculation of local revenues as identified in Section VB.

23 3. The local share allocation shall be funded with a transfer of the MFP
24 monthly amount representing the local share allocation from the city, parish, or other
25 local public school board in which the attending students resided prior to
26 adjudication to the Office of Juvenile Justice.

27 **IX. ADJUSTMENTS FOR AUDIT FINDINGS AND DATA REVISIONS**

28 Review and/or audit of the districts' data used in determining their Minimum
29 Foundation Program allocation may result in changes in final statistical information.

The Minimum Foundation Program allocation adjustments necessary as a result of these audit findings will be made in the following school year.

X. REQUIRED EXPENDITURE AMOUNTS

A. Required Pay Raise for Certificated Personnel

Fifty percent of a district's increased funds provided in Levels 1 and 2 over the prior year after adjusting for increases in student membership shall be used only to supplement and enhance full-time certificated staff salaries and retirement benefits for city, parish, or other local school systems, Recovery School District, and LSU and Southern Lab schools with an average teacher salary below the latest published SREB average teacher salary. This requirement will be suspended for city, parish, or other local school systems, Recovery School Districts schools, LSU and SU Lab schools, and Office of Juvenile Justice schools in any year in which no annual increase is provided in the state and local base per pupil amount.

For purposes of determining the use of these funds, certificated personnel are defined per state Department of Education Bulletin 1929 and are to include: teachers (all function codes 1000-2200, object code 112); therapists/specialists/counselors (function codes 1000- 2200, object code 113); school site-based principals, assistant principals, and other school administrators (function code 1000-2200 and 2400, object code 111); central office certificated administrators (function code 1000-2300 & 2831 (excluding 2321), object code 111); school nurses (function code 2134, object code 118); and employees on sabbatical in function code 1000-2200, 2134, and 2400.

B. 70% Local General Fund Required Instructional Expenditure at the School Building Level

To provide for appropriate accountability of state funds while providing local school board flexibility in determining specific expenditures, local school boards must ensure that 70% of the local school system general fund expenditures are in the areas of instruction and school administration at the school building level as derived by the Department of Education.

1 1. The definition of instruction shall provide for:

2 a. The activities dealing directly with the interaction between teachers and
3 students to include such items as: teacher and teacher aide salaries, employee
4 benefits, purchased professional and technical services, textbooks and instructional
5 materials and supplies, and instructional equipment;

6 b. Student support activities designed to assess and improve the well-being
7 of students and to supplement the teaching process, including attendance and social
8 work, guidance, health and psychological activities; and

9 c. Instructional support activities associated with assisting the instructional
10 staff with the content and process of providing learning experiences for students
11 including activities of improvement of instruction, instruction and curriculum
12 development, instructional staff training, library/media, and instructional related
13 technology.

14 2. School administration shall include the activities performed by the
15 principal, assistant principals, and other assistants while they supervise all operations
16 of the school, evaluate the staff members of the school, assign duties to staff
17 members, supervise and maintain the records of the school, and coordinate school
18 instructional activities with those of the school district. These activities also include
19 the work of clerical staff in support of the teaching and administrative duties.

20 3. For city, parish, and other local public school districts that fail this
21 requirement, but perform at or above the state average in the District Performance
22 Score (DPS), a waiver for this noncompliance should be provided.

23 4. For city, parish, and other local public school districts that fail this
24 requirement, and also perform below the state average in the District Performance
25 Score (DPS), the following consequences should be applied:

26 a. Require that city, parish, and other local public school districts assess
27 expenditures in non-instructional areas including a self-assessment and/or hiring an
28 independent firm to determine operational activities that could be streamlined
29 through outsourcing, privatization, or consolidation and provide a report to BESE on

1 the implementation plan to redirect any savings from these actions to instructional
2 activities according to timelines set by the Department of Education.

3 b. Require the city, parish, and other local public school districts to examine
4 the manner in which state and federal funds are utilized, make revisions to
5 incorporate new spending patterns, and provide a report to BESE on the
6 implementation of these actions according to timelines set by the Department of
7 Education.

8 c. Require the city, parish, and other local public school districts involved
9 in desegregation litigation to examine the manner in which state and federal funds
10 are utilized, make revisions to incorporate new spending patterns, and provide a
11 report to BESE on the implementation of these actions according to timelines set by
12 the Department of Education.

13 **C. Expenditure Requirement for Foreign Language Associate Program**

14 The state must maintain support of the Foreign Language Associate program
15 at a maximum of 300 Foreign Language Associates employed in any given year.
16 These teachers shall be paid by the employing city, parish, or other local public
17 school system or school the state average classroom teacher salary (without PIP) by
18 years of experience and degree beginning with year three. First year teachers will
19 receive an installation incentive of an additional \$6,000; second and third year
20 teachers will receive a retention incentive of an additional \$4,000. These amounts
21 must be provided to each Foreign Associate Teacher by each school district or school
22 in which they are employed.

23 **D. Expenditure Requirement for Educational Purposes**

24 State MFP funds shall only be expended for educational purposes.
25 Expenditures for educational purposes are those expenditures related to the
26 operational and instructional activities of a district to include: instructional programs,
27 pupil support programs, instructional staff programs, school administration, general
28 administration, business services, operations and maintenance of plant services,
29 student transportation services, food services operations, enterprise operations,
30 community services operations, facility acquisition and construction services and

1 debt services as defined by Louisiana Accounting and Uniform Governmental
2 Handbook, Bulletin 1929.

3 **XI. ACCOUNTABILITY PROVISIONS**

4 **A. Accountability for School Performance**

5 Each school recognized by the Louisiana Department of Education will be
6 included in a MFP Accountability report submitted to the House and Senate
7 committees on education by June 30 of each year. Specific information to be
8 included in the report is as follows:

9 a. School Data - School name, city, and district; Type of school; October 1
10 elementary/secondary enrollment; and grade span.

11 b. Accountability Data - scores and labels.

12 c. Fiscal Data - expenditures per elementary/secondary enrollment for
13 classroom instruction (less adult education) and pupil/instructional support.

14 d. Student Demographic Data - percent of students eligible for free and/or
15 reduced lunch ("at-risk"), students with exceptionalities (special ed), gifted/talented,
16 and Minority; Advanced Placement data; student attendance rates; and pupil-teacher
17 ratios.

18 e. Teacher Data - Average FTE teacher salaries (object 112, function 1000
19 series); percent of teachers certified; average years of experience; percent master's
20 degree and above; percent turnover; percent Minority; and teachers' days absent. All
21 teacher data (excluding salaries) reported for certified teachers.

22 f. Staffing Data - number per 1000 pupils for certified teachers, uncertified
23 teachers, and instructional aides.

24 **B. Accountability for Weighted Student Funds**

25 1. In FY 2010-11, according to R.S. 17:7(2)(f)(I), city, parish, and other local
26 public school districts, Recovery School District schools, and LSU and Southern Lab
27 schools will be required to expend funds generated by applying the weighted factors
28 contained in the formula for At-Risk students, Career and Technical Education
29 course units, Special Education Other Exceptionalities students, and Special
30 Education Gifted and Talented students on the following: (a) personnel, (b)

professional services, (c) instructional materials, (d) equipment, and (e) supplies that serve the unique needs of students who generate such funds.

2. The expenditure of these weighted funds must be submitted annually in a report as directed by the Louisiana Department of Education including the details on the types of activities for which these funds were expended to serve the needs of the weighted students at all schools that serve such students. The information contained in such annual report shall be published on the Department of Education website in an easily understandable format.

XII. STUDY OF FUNDING FOR PUBLIC EDUCATION

The State Board of Elementary and Secondary Education directs the Louisiana Department of Education to establish a task force to study funding for public education to include the following issues: Review the effectiveness of the wealth factors in the MFP formula; evaluate a potential increase of the 70% instructional requirement to 80%; and continue the study of student-based budgeting including the impact of desegregation litigation on its implementation.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Austin Badon

HCR No. 243

Abstract: Provides legislative approval of the MFP formula for FY 10-11 adopted by BESE on June 8, 2010.

Provides for legislative approval of the formula for FY 10-11 to determine the cost of a minimum foundation program (MFP) of education in all public elementary and secondary schools as well as to equitably allocate the funds to local school systems (including the Recovery School District (RSD), two university laboratory schools, and Office of Juvenile Justice schools) as developed by the State Board of Elementary and Secondary Education (BESE) and adopted by the board on June 8, 2010

Preliminary and Final Allocations

Proposed formula retains provisions of present formula relative to the computation of preliminary and final allocations, and additionally includes Office of Juvenile Justice (OJJ) schools in all relevant MFP computations, as follows:

1. BESE determines no later than March 15 each year for the upcoming fiscal year preliminary allocations of the MFP formula for city, parish, and other local public school systems (including the RSD, LSU and SU laboratory schools, and OJJ schools) using the latest available data. Upon adoption by BESE of such preliminary allocations for the ensuing fiscal year, the superintendent submits the MFP funding

requirements to the Joint Legislative Committee on the Budget and to the House and Senate Committees on Education.

2. Upon legislative approval of the MFP formula resolution for the upcoming fiscal year, BESE determines final allocations for local school systems (including the RSD, LSU and SU laboratory schools, and OJJ schools), using latest available data, no later than June 30 for the fiscal year beginning July 1.
3. Latest available student count estimates will be used for newly opened school districts or local education agencies in the final allocations of the MFP formula no later than June 30 for the fiscal year beginning July 1.

Mid-Year Adjustments

Proposed formula includes OJJ schools in mid-year adjustment computations.

Present formula provides that if the current Oct. 1 student count for a local school system, the RSD, or lab school exceeds the previous year's Feb. 1 membership by either 50 students or 1%, a mid-year adjustment to provide additional per pupil funding will be made for each additional student based on the final MFP allocation per pupil amount. Districts and schools may request the state superintendent to make estimated monthly payments based on documented mid-year growth prior to the Oct. 1 count.

Proposed formula deletes provisions in present formula providing for additional funding for increased student membership and instead provides that if a school/school district's current year Oct. 1 student count is more or less than the previous year's Feb. 1 membership, a mid-year adjustment to per pupil funding shall be made for each student gained or lost based on the final MFP allocation. Retains provisions in present formula allowing districts and schools to request the state superintendent to make estimated payments.

Present formula provides that if the current Feb. 1 membership for a local school system, the RSD, or lab school exceeds the current year Oct. 1 membership by either 50 students or 1%, a second mid-year adjustment to provide additional per pupil funding is made for each additional student based on one-half of the final MFP allocation per pupil amount for that local school system. Districts may request that the state superintendent make estimated monthly payments based on documented mid-year growth prior to the Feb. 1 count.

Proposed formula deletes provisions in present formula providing for additional funding for increased student membership and instead provides that if a school/school district's current Feb. 1 student count is more or less than the current year's Oct. 1 membership, a mid-year adjustment to per pupil funding shall be made for each student gained or lost based on one-half the final MFP allocation. Retains provisions in present formula allowing districts and schools to request the state superintendent to make estimated payments.

Proposed formula deletes provision in present formula providing for additional funding for increased student membership and instead provides that if the RSD, the district of prior jurisdiction, and local education agencies have an increase or decrease in current year Oct. 1 membership from the prior year Feb. 1 membership, such entities shall receive a mid-year adjustment of MFP funding individually based upon increases or decreases in the October 1 membership times the local per pupil amount of the district of prior jurisdiction.

Proposed formula deletes provision in present formula providing for additional funding for increased student membership and instead provides that if the RSD, the district of prior jurisdiction, and local education agencies have an increase or decrease in current year Feb. 1 membership from the prior year Oct. 1 membership, such entities shall receive a mid-year adjustment of MFP funding individually based upon increases or decreases in the February 1 membership times one-half of the local per pupil amount of the district of prior jurisdiction. Proposed formula retains present formula provision that if the RSD Oct. 1 or Feb. 1 membership count qualifies for a mid-year adjustment to state funds, a mid-year adjustment will also be made to local per pupil funding for each student gained or lost

based on the local per pupil amount of the district of prior jurisdiction. For Feb. 1 increases or decreases, one-half of the local per pupil amount will be transferred.

Proposed formula retains present formula provision that for newly opened school districts or local education agencies, in the first year of operation, a special mid-year adjustment will be made to finalize their MFP formula allocations using Oct. 1 data. This special mid-year adjustment will replace the Oct. mid-year adjustment. The newly opened school districts or local education agencies will qualify for the Feb. 1 mid-year adjustment.

Level 1–Cost Determination and Equitable Distribution of State and Local Funds:

Compared to present formula, proposed formula provides as follows:

1. Maintains use of Feb. 1 membership as defined by BESE.
2. Maintains the existing weight for add-on student units for at-risk students at 0.22. Increases the time period for BESE to seek to achieve the goal of an at-risk weight of 0.40 from a four year period to a seven year period.
3. Maintains the existing weight for Career and Technical Education course units at 0.06.
4. Maintains the existing weight for Special Education/Other Exceptionalities students at 1.5.
5. Maintains the existing weight for Special Education/Gifted and Talented students at 0.60.
6. Maintains the Economy of Scale curvilinear weight of 0.20 for school systems with a student membership of less than 7,500.
7. Retains base per pupil funding amount at \$3,855.
Retains provisions that if no annual increase is provided and the resolution remains in effect for ensuing fiscal years, subsequent annual adjustments may be made in the per pupil amount as determined by BESE with approval of the Jt. Legislative Committee on the Budget. Provides for automatic 2.75% growth adjustment in base per pupil amount if JLCB fails to approve the BESE recommended amount for FY 2011-12.
8. Relative to the local school system share calculation, provides as follows:
 - (a) Calculates property revenue contribution by multiplying the state's computed property tax rate (including debt service) by each school system's net assessed property value for the latest available fiscal year including Tax Increment Financing (TIF) areas. If a district's net assessed property value has increased equal to or greater than 10% over the prior year net assessed property value, then the growth in the net assessed property value will be capped at 10%. This cap will be applied on a year-to-year basis comparing the current year net assessed property value to the prior year uncapped net assessed property value. In FY 07-08, this millage was set at a level appropriate to yield a state average share of 65% and a local average share of 35%. The millage set in FY 07-08 will remain the same in FY 08-09 and beyond. BESE may revise the millage as deemed appropriate in order to reestablish the 65% to 35% share.
 - (b) Calculates sales revenue contribution by dividing the district's actual sales tax revenue collected (including debt service) in the latest available fiscal year by the district's sales tax rate that was applicable to create a sales tax base. If a local school system's sales tax goes into effect during the fiscal year, the tax rate is prorated to an annual rate applicable for the total revenue

generated. If a district's computed sales tax base increased equal to or greater than 15% over the computed sales tax base calculated in the prior year formula, then the growth in the computed sales tax base will be capped at 15% over the amount used in the prior year formula. This cap will be applied on a year-to-year basis comparing the current year sales tax base to the prior year uncapped sales tax base. Each district's sales tax base is then multiplied by the state's projected yield of the sales tax rate. In FY 07-08, this rate was set at a level appropriate to yield a state average share of 65% and a local average share of 35%. The rate set in FY 07-08 will remain the same in FY 08-09 and beyond. BESE may revise the rate as deemed appropriate in order to reestablish the 65% to 35% share.

- (c) Other revenue contribution is calculated by combining state revenue in lieu of taxes, federal revenue in lieu of taxes, and 50% of earnings on property.
- 9. Provides that the state share is calculated by subtracting the local share from the total level 1 costs.
- 10. Provides that in no event shall the state share of the total level 1 costs be less than 25% for any district.

Level 2 - Incentive For Local Effort

- 1. Continues provision that the local share of Level 2 revenue equals the district's eligible local revenue as calculated in Level 2 times the district's local share percentage of Level 1 times a factor of 1.72.
- 2. Continues provision that the state support of Level 2 incentive funding equals eligible revenue in Level 2 minus the local share of Level 2.
- 3. Continues provision that the maximum local revenue eligible for incentive funding in Level 2 is 34% of Total Base Foundation Level 1 State and Local costs.

Level 3—Legislative Enhancements

- 1. Continues supplemental pay raises for certificated personnel initiated in 2001-02, 2006-07, 2007-08, and 2008-09 as a per pupil amount.
- 2. Continues supplemental pay raises for noncertificated support workers initiated in 2002-03, 2006-07, and 2007-08 as a per pupil amount.
- 3. Continues the supplemental allocation of \$20,000 per teacher from BESE to local school systems that employ a Foreign Language Associate, not to exceed a total of 300 teachers.
- 4. Deletes incentive funding for local school systems that enroll a student who transfers from an academically unacceptable school in an amount equal to the current year MFP state-average local share per pupil, for a maximum of 3 years.
- 5. Continues the 10-year phase-out of hold harmless funding beginning with a 10% reduction of the revised "over funded" amount in FY 07-08. The annual 10% reduction amount will be redistributed in a per pupil amount to all non-hold harmless districts.
- 6. Continues providing local school systems with a per pupil funding amount of \$100 for increasing mandated costs involving health insurance, retirement, and fuel.
- 7. Deletes emergency funding assistance for FY 2009-10 to the parishes of Morehouse (\$1.6 million) and Union (\$1 million).

Funding for the Recovery School District

Proposed formula retains present formula provision that school districts shall include the student membership and weighted student counts of schools transferred to the RSD and that the state and local shares shall be transferred to the RSD.

Present formula provides that the basis of the local revenue per student allocation for RSD funding is the latest available date of the local school board of prior jurisdiction divided by total MFP student membership in the RSD and in prior district used in the MFP final allocation.

Proposed formula changes the basis of the local revenue per student allocation for RSD funding from "the latest available date" to "projected local revenues for the most recent prior fiscal year" for such prior school districts.

Present formula, for purposes of RSD funding, defines local revenue as including revenue from sales and use taxes and ad valorem taxes (less tax collection fees) and earnings from 16th section lands, excluding any portion specifically dedicated by the legislature or voter approval to capital outlay or debt service

Proposed formula retains these provisions but specifies that expenditures by the school board for facilities acquisition and construction must conform to the definitions in the Annual Financial Report and the La. Accounting and Uniform Governmental Handbook (LAUGH).

Present formula provides that the total local revenue allocation for the RSD is determined by multiplying the local revenue per student times the number of students in the RSD.

Proposed formula provides that the total local revenue allocation for the RSD shall be determined by multiplying the local revenue per student times the number of RSD students used in the MFP final allocation.

Present formula provides that the local revenues per student will be recalculated to include any increases in students recognized for the Oct. 1 count and that an increase in the Oct. 1 mid-year adjustment will result in a corresponding decrease in the local revenue per student. Also provides that there will be no recalculation of the local revenue per student at the Feb. 1 adjustment.

Proposed formula instead provides that based on the Oct. 1 student count, the local revenue allocation per student will be recalculated and there will be a corresponding adjustment in the local revenue allocation per student. Retains provisions relative to no recalculation at the Feb. 1 student count adjustment.

Present formula provides:

1. On each March 1, certifications from the local tax collection agent will be obtained to identify local revenues paid to the school district of prior jurisdiction to date minus any portion dedicated to capital outlay or debt service.
2. A certification will be obtained from the prior district for the amount of current year expenditures made to date for facilities acquisition and construction. Provides that such expenditures will be subtracted from revenues and a comparison made.
3. If there is an increase in local revenue collections then the district of prior jurisdiction is required to pay the RSD its proportional share of the increased revenues.
4. A final reconciliation is to be performed at the end of the fiscal year.
5. If the fiscal status of the district of prior jurisdiction changes during the fiscal year, the state superintendent may determine a reduced local revenue allocation.

Proposed formula deletes these provisions and instead provides:

1. During the third quarter of the fiscal year, the local revenue allocation per student shall be adjusted to reflect actual prior year local revenue data.
2. A final reconciliation will occur based upon the receipt of the annual audited financial statements of the district of prior jurisdiction. If an increase or decrease in local revenue collections exists, the state superintendent may establish a payment schedule.
6. If the fiscal status of the district of prior jurisdiction or the RSD changes during the fiscal year on or before the final reconciliation, the state superintendent may adjust the local revenue allocation based upon the revenues identified.

Proposed formula retains present formula provision that except for administrative costs, monies appropriated to the RSD attributable to the transfer of a school and monies allocated or transferred from the prior school system to the RSD shall be expended solely on the operation of schools transferred from the prior system to the RSD.

Funding for LSU and SU Laboratory Schools

Proposed formula retains present formula provisions relative to university laboratory schools as follows:

1. Any elementary or secondary school operated by LSU or SU shall be considered a public school and annually appropriated funds as determined in the MFP formula.
2. Each student enrolled at LSU or SU lab schools shall be provided for and funded from the MFP a per pupil amount equal to the amount allocated per student for the state share of the MFP.
3. MFP funds appropriated to LSU and SU lab schools shall be allocated to the institution of higher education operating such schools which shall ensure the equitable expenditure of such funds to operate the schools.
4. Specifies that requirements in the formula relative to using 50% of increased funds for pay raises for certificated personnel also apply to the lab schools.

Funding for Type 2 Charter Schools

Proposed formula continues funding levels for Type 2 charter schools contained in present formula. Provides that any school authorized as a Type 2 charter school by BESE on or after July 1, 2008, shall annually be appropriated funds as determined by applying the formula contained in R.S. 17:3995, except that the local share allocation will be funded with a transfer of the MFP monthly amount representing the local share allocation from the city, parish, or local public school board in which the attending students reside. Provides that where student attendance is from multiple school districts, the Dept. of Education shall determine the local share based on students reported by the schools.

Proposed formula additionally specifies that the student membership count of Type 2 charter schools shall be included in the membership count of the local school board in which the school is located to determine the local share. Student adjustments for Type 2 Charter schools authorized on or after July 1, 2008 shall adhere to the guidelines established in Section I.(B) - Mid-year Adjustments.

Funding for Office of Juvenile Justice Schools and Students

Proposed formula provides with respect to OJJ schools as follows:

1. Any elementary or secondary school operated by OJJ shall be considered a public school and annually appropriated funds as determined in the MFP formula.

2. Each student counted in the prior year average daily membership, calculated by dividing the average number of days the students are under the guidance and direction of teachers by the total instructional days during the specified school year, shall be provided for and funded from the MFP a per pupil amount equal to the amount allocated per student for the state share of the district where the student resided prior to adjudication.
 - a. The state share per pupil allocation shall be adjusted based on a factor determined by DOE to provide for the differential in the number of educational days provided to students in OJJ custody.
 - b. The state share per pupil allocation shall also be adjusted to recognize the increased number of special education students in OJJ schools relative to the state average special education student population.
3. Each student counted in the prior year average daily membership shall be provided for and funded from the MFP a local contribution per pupil amount equal to the local contribution per pupil for the district where the student resided prior to adjudication.
 - a. For purposes of the local share allocation per pupil amount, the average daily membership of the OJJ shall be included in the membership counts of the local school board in which the student resided prior to adjudication to OJJ.
 - b. For a district that has schools transferred to the RSD and shares local revenue, the allocation for OJJ will be completed before the calculation of revenues for purposes of RSD funding.
 - c. The local share allocation shall be funded with a transfer of the MFP monthly amount representing the local share allocation from the local school board in which the attending students resided prior to adjudication to OJJ.

Adjustments for Audit Findings and Data Revisions

Present formula retains present formula provisions that review and/or audit of a district's data may cause changes in final statistical information and that any necessary adjustments in a district's MFP allocation resulting from such audit findings will be made in the following school year.

Required Pay Raise for Certificated Personnel

Present formula retains requirement that 50% of a district's increased funds provided in Levels 1 and 2 over the prior year shall only be used to supplement full-time certificated salaries and retirement benefits for school systems, the RSD, and LSU/SU lab schools with an average teacher salary below the SREB average teacher salary.

Proposed formula suspends the requirement for city, parish, or other local school systems, the Recovery School District schools, LSU and SU Lab Schools, and Office of Juvenile Justice schools in any given year in which no annual increase is provided in the state and local base per pupil amount.

70% Local General Fund Required Instructional Expenditure at the School Building Level

Proposed formula retains present formula requirement that 70% of local school system general fund expenditures must be in the areas of instruction and school administration at the school building level.

Proposed formula additionally provides as follows for a local school district that fails to meet the 70% instructional expenditure requirement:

1. A school district that fails to meet the 70% instructional expenditure requirement but has a District Performance Score (DPS) at or above the state average should be provided a waiver for noncompliance.
2. A school district that fails to meet the 70% instructional expenditure requirement and has a DPS below the state average should face the following consequences:
 - a. Be required to assess expenditures in non-instructional areas to determine operational activities that could be streamlined through outsourcing, privatization, or consolidation and report to BESE on the implementation plan to redirect any savings from these actions to instructional activities in accordance with DOE timelines.
 - b. Be required to examine the manner in which state and federal funds are utilized, revise spending patterns, and report to BESE on implementation of these actions according to DOE timelines.
 - c. If involved in desegregation litigation, be required to examine the manner in which state and federal funds are utilized, revise spending patterns, and report to BESE on implementation of these actions according to DOE timelines.

Expenditure Requirement for Foreign Language Associate Program

Proposed formula retains present formula requirement that the state must maintain support of the Foreign Language Associate Program at a maximum of 300 Foreign Language Associates employed in any given year. Provides that these teachers shall be paid by the employing school system or school the state average classroom teacher salary (without PIP) by years of experience and degree beginning with year three. Specifies that first-year teachers will receive an installation incentive of an additional \$6,000 and second- and third-year teachers will receive a retention incentive of an additional \$4,000. Provides that these amounts must be provided to each Foreign Associate Teacher by each school district or school in which the teacher is employed.

Expenditure Requirement for Educational Purposes

Proposed formula retains present formula requirement that state MFP funds shall only be expended for educational purposes.

Accountability Provisions

Present formula provides that each school district with a school that has a School Performance Score (SPS) below 60 and growth of less than 2 points in the SPS will be included in an annual MFP Accountability Report submitted to the Senate and House Committees on Education by June 1 of each year.

Proposed formula deletes these provisions and instead provides that each school recognized by DOE will be included in a MFP Accountability Report submitted to the Senate and House Committees on Education by June 30 of each year.

Present formula provides that students attending an academically unacceptable school in School Improvement 4 (SI4) that does not have a BESE approved reconstitution plan or an academically unacceptable school in School Improvement 5 (SI5) that does not have a BESE approved and implemented reconstitution plan shall not be considered in the MFP formula calculations. Further provides that staff assigned to a SI4 school without a BESE approved reconstitution or a SI5 school without a BESE approved and implemented reconstitution plan shall not be considered in the MFP for any purposes.

Proposed formula deletes these provisions.

Present formula provides for accountability measures for the funding generated by the At-Risk and Career and Technical Weights as follows:

1. Requires local school systems to assure that 85% of the incremental increase in the at-risk weight generated in FY 08-09 continue and report to DOE on the utilization of such funds.
2. Requires local school systems to assure that funding generated by the incremental increase in the at-risk weight generated in FY 08-09 continue and report to DOE on the utilization of such funds.

Proposed formula deletes these provisions and instead provides for accountability from local school districts, the RSD, and the LSU/SU lab schools for all weight factors: at-risk, career and technical education, special education other exceptionalities, and special education gifted and talented on the following:

1. Personnel.
2. Professional Services.
3. Instructional Materials.
4. Equipment.
5. Supplies that serve the unique needs of the students generating such funds.

Requires an annual report to DOE detailing the types of activities for which these funds were expended to serve the needs of the weighted students. Further requires that such report be published on the DOE website in an easily understandable format.

Study of Funding for Public Education

Proposed formula directs DOE to establish a task force to study funding for public education to include the following issues:

1. Review the effectiveness of the wealth factors in the MFP formula.
2. Evaluate a potential increase of the 70% instructional requirement to 80%.
3. Continue the study of student-based budgeting, including the impact of desegregation on its implementation.